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ABSTRACT

Barriers to the labor force participation of women, particularly in low-income families, are examined in this paper. Reactions of nonworking mothers with dependent children to a hypothetical job offer are analyzed from data obtained in 1967 as part of the National Longitudinal Surveys of Labor Market Behavior. Multiple regression analysis shows that willingness to take a job and rate of pay required were related to family income, marital status, health, welfare payments, and other factors for both poor and nonpoor black and white mothers. The analyzed responses are discussed in connection with welfare reform proposals. (MF)

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ABSTRACT

Using interview data from a national sample of 30-to 44-year-old women who were out of the labor force in 1967, reactions to a hypothetical job offer are analyzed. While black women are more likely than white to have responded affirmatively, there is no difference by potential eligibility for a family assistance payment. Among the potentially eligible, multiple regression (OLS) analysis shows that either (or both) (1) willingness to take a hypothetical job or (2) required rate of pay is systematically related to marital status, receipt of AFDC, poor health, family income less respondent's earnings, and attitude toward the propriety of mothers working. Policy implications are discussed.

WELFARE MOTHERS: BARRIERS TO LABOR FORCE ENTRY

John R. Shea*

I INTRODUCTION

Two key purposes of the Nixon Administration's welfare reform proposals have been (1) to build a work incentive into the present system and (2) to develop an infrastructure of supportive services, such as day-care centers and job training and placement services, to facilitate moving employable welfare recipients "off the welfare rolls and onto payrolls." Both elements are designed to increase the labor force participation of adults (principally women) in low-income families.

A number of recent studies have examined the apparent influence of earning potential, family income, and the presence of preschool-age children on how much time women spend in the labor force.[1] Despite the many efforts, however, we remain painfully ignorant of the saliency

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* Research Associate, Center for Human Resource Research, The Ohio State University. This paper is an outgrowth of an earlier study by the author and Jack Meyer, Potential Recipients of Family Assistance Payments: Characteristics and Labor Market Behavior (Columbus: Center for Human Resource Research, March 1972), sponsored by the Manpower Administration, U.S. Department of Labor, under the Social Security Act. Since researchers are encouraged to express their own judgments freely, this paper does not necessarily represent the official opinion or policy of the Department of Labor. The author would like to thank John Grasso and Melinda Ross for research assistance and Sookon Kim, Andrew Kohen, Gilbert Nestel, and Herbert Parnes for helpful comments on an earlier draft. Responsibility for interpretations and conclusions, of course, are the author's alone.

1 Much of the literature was recently reviewed by Herbert S. Parnes, "Labor Force Participation and Labor Mobility," Review of Industrial Relations Research (Industrial Relations Research Association, 1970), pp. 1-78.

of different barriers to the labor force participation of those women, especially poor women, who remain outside the labor force. This paper examines some of the obstacles.

In mid-1967, a probability sample of 5,083 women in the noninstitutional civilian population between 30 and 44 years of age was interviewed as part of the National Longitudinal Surveys of Labor Market Behavior. Negro and other races were overrepresented three-to-one relative to whites in order to have sufficient sample cases for examining intercolor differences in labor market behavior. Unweighted, the sample includes 3,606 whites, 1,390 Negroes, and 87 members of other races. Unweighted sample cases, rather than "blown up" universe estimates, are used throughout this paper.[2]

Responses of women out of the labor force at the time of interview to a hypothetical job offer are described and analyzed in this paper. Specifically, the reactions of women in both poor and nonpoor families with dependent children are examined in detail, and multivariate statistical techniques are used in an effort to identify the factors--including receipt of AFDC payments--that appear to condition the willingness to take a job and the rate of pay that women say would be necessary to interest them in entering the work force.

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2 Nonblack-nonwhites (e.g., Orientals, American Indians, etc.) have been excluded from the analysis here. Sample selection, interview procedures, estimation methods, and data handling are described in John R. Shea, Ruth S. Spitz, and Frederick A. Zeller, Dual Careers, Vol. I, Manpower Research Monograph No. 21 (Washington, D.C.: U.S. Government Printing Office, 1970), Appendixes B, C, and E.

The remainder of the paper is organized as follows. In Section II, poverty status (i.e., potential FAP eligibility) is operationally defined. In Section III, the responses of poor and nonpoor women to the various questions surrounding the hypothetically posed job offer are described. Section IV contains the results of the multivariate analysis. Major findings, together with possible policy implications, are discussed in Section V.

II POVERTY STATUS

Using the eligibility criteria outlined in the original version of the Family Assistance Plan (FAP),[3] respondents who would have been eligible for a payment had H.R. 16311 been in effect during 1966 are referred to as the poor. Respondents meeting the family composition criterion (at least two family members, one of whom is a dependent child) but who would not have been eligible according to income or asset criteria, form the nonpoor whose characteristics and responses are compared with those of the poor.[4] At the time of the survey, 17 percent of the black women and 15 percent of the white did not live in families with at least one child. An additional one in ten respondents failed to provide sufficient information on income and

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3 U.S. Congress, Senate, Committee on Finance, H.R. 16311, The Family Assistance Act of 1970, 91st Congress, 2nd Session, June 1970).

4 For details concerning determination of poverty income threshold lines, calculation of income and net assets, see Shea and Meyer, Potential Recipients of Family Assistance Payments, Appendix A.

assets to allow a determination of potential eligibility.[5] Had H.R. 16311 been in effect in 1966, 559 black women in the sample and 318 white women probably would have been eligible for at least a partial FAP payment. Another 439 black women in families with at least one child and approximately 2,457 white women would not have been eligible.

Public assistance under the AFDC program is generally limited to families in which there is no male breadwinner. About half the states also pay benefits where a male head of household is unemployed. When poverty status is defined in terms of potential FAP eligibility to include the working poor, over half the poor women 30 to 44 years of age are married and living with their husbands. Because poverty status depends in part on whether (and how much) women work, it should come as no surprise that there is a rather large gap between the labor force participation rates of poor and nonpoor women. In mid-1967, 58 percent of the poor black women in families with children compared to 75 percent of their nonpoor counterparts were in the labor force. The corresponding figures for white women with children were 36 and 45 percent.

III REACTION TO HYPOTHETICAL JOB OFFER

Women who were out of the labor force at the time of the survey were asked a series of questions built around a hypothetical job offer: "If you were offered a job by some employer IN THIS AREA, do you think you would take it?" If the respondent answered "Yes" or "Maybe," a

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5 These respondents have also been excluded from the analysis here.

series of questions exploring the conditions surrounding this response was asked: "What kind of work would it have to be?" "What would the wages or salary have to be?" "Are there any restrictions, such as hours or location of job, that would be a factor in your taking a job?" If "Yes," "What are these restrictions?" "Why would you say you are not looking for a job now?" "Do you expect to look for work within the next year?" and if there was at least one child under age 18 at home, "Would it be necessary for you to make special arrangements for the care of your children, if you were to take a job?"[6]

Within each color group, about the same proportion of poor and nonpoor women manifest a strong propensity to enter the labor force by saying that they definitely would accept a job offer (Table 1). Consistent with actual differences in labor force participation, however, black women are much more likely than white to answer with an unqualified "yes." A rather substantial fraction of women in all marital status-poverty status categories responded with a "qualified yes." When asked upon what their decision would depend, responses ranged over such factors as the nature of the work, wages, health, hours, location, and child care.

(Insert Table 1)

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6 If a woman answered "no" to the job-offer question, instead of the preceding sequence of questions, she was asked: "Are there any circumstances under which you think you would want to take a job?" If the answer was "yes," she was asked the following set of questions: "What kind of work would it have to be?" "What would the wage or salary have to be?" "Are there any restrictions, such as hours or location of job, that would be a factor in your taking a job?" If "yes," "What are these restrictions?"

TABLE 1

REACTION TO HYPOTHETICAL JOB OFFER, BY POVERTY STATUS AND COLOR: WOMEN OUT OF THE LABOR FORCE LIVING IN FAMILIES WITH AT LEAST ONE CHILD, 1967[a]

(Percentage distribution)

Reaction	Blacks		Whites	
	Poor	Nonpoor	Poor	Nonpoor
Yes, definitely	40	36	16	13
Yes, depends (condition not specified)	1	0	0*	1
Yes, if work satisfactory	4	11	7	3
Yes, if wage satisfactory	3	2	0*	3
Yes, if health permits	3	4	0*	0*
Yes, if hours satisfactory	1	6	4	8
Yes, if location satisfactory	0	0	0	0*
Yes, if child care satisfactory	5	3	5	2
Yes, other condition	0	3	3	2
No	43	36	65	68
Total percent	100	100	100	100
Total number	238	109	201	1,366

* Percentage less than 0.5 but greater than 0.0.

a Unweighted sample cases; blacks overrepresented relative to whites.

Considering those who said "yes" or "maybe" to the job offer question, the succeeding probes elicited the following pattern of expectations, restrictions, and perceived barriers to taking a job. The pattern of occupations that the respondents would find acceptable is roughly comparable to the occupational distribution of poor and nonpoor women employed at the time of the survey. Only in the case of poor black women are there sufficient sample cases to examine differences between married and nonmarried[7] respondents, 30 percent of the nonmarried but 52 percent of the married would take a domestic service job or "anything." While it is worth speculating that transportation and issues of social acceptability may be important in accounting for this relationship, it is important to point out (1) that expectations concerning kind of work may proxy for expectations concerning wages (and, particularly, take-home pay), and (2) that, while not shown here, a larger proportion of nonmarried than married poor black women last worked in blue-collar or farm jobs.

When asked what the wage or salary would have to be, 11 percent of the eligible black women and 12 percent of their white counterparts said $2.00 or more per hour. As anticipated, the average wage requirement is somewhat higher for whites than blacks. And, probably reflecting differences in educational attainment, the nonpoor in each color group expect more than the poor. On the other hand, comparing the median reservation wage rate with the <u>actual</u> median wage rates of women who

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7 The term "nonmarried" denotes divorced, widowed, separated, and married spouse absent.

were employed as wage or salary workers at the time of the 1967 survey reveals one important discrepancy: on the average, poor black women who were out of the labor force would expect to earn more than poor black women who were employed (Table 2).[8] Some of the factors that may have conditioned these responses will be examined in the next section of the paper.

(Insert Table 2)

Respondents who would (or might) accept a job offer were asked specifically about any restrictions, such as hours or job location, that would be a factor in deciding to take a job. Approximately one-third of the black women but less than one-fifth of the white cited no restrictions. Poor black women were somewhat more likely than their nonpoor counterparts to have mentioned location as an important factor (24 versus 17 percent), while the latter more frequently than the former cited hours as a barrier (38 compared to 23 percent). There is also some variation in reported restrictions among white women: the poor more frequently than the nonpoor cited <u>both</u> location and hours. The data suggest, then, that transportation barriers may often be an important impediment to the employment of women in both poverty status groups.[9]

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8 While these wage requirements may frequently be "unrealistic," employed poor black women receive <u>exceptionally low pay</u> compared to other women.

9 Poor black women in rural areas and small towns (i.e., under 25,000 population) were more likely than others to cite location as a job barrier: 32 compared to 21 percent. Among poor white women, on the other hand, location was more frequently mentioned by those in larger cities.

TABLE 2

MEDIAN RESERVATION WAGE RATE OF WOMEN OUT OF THE LABOR FORCE[a] AND MEDIAN ACTUAL WAGE RATE OF WOMEN EMPLOYED AS WAGE AND SALARY WORKERS ($ PER HOUR), BY POVERTY STATUS AND COLOR: WOMEN LIVING IN FAMILIES WITH AT LEAST ONE CHILD, 1967

Color and poverty status	N	Median reservation wage rate	N	Median actual wage rate
Poor blacks	121	$1.41	166	$1.13
Nonpoor blacks	59	1.55	266	2.07
Poor whites	62	1.43	69	1.58
Nonpoor whites	332	1.88	851	2.10

a Includes only those women who would (or might) accept a job offer.

When those women who would (or might) accept a job offer were asked why they were not seeking work at the time of the survey, a variety of reasons was offered. Two rather unenlightening reasons--"personal" and "other unspecified"--consituted over half of the responses. Another 20 to 25 percent of the women in each color group mentioned either the youth or their children or pregnancy as the reason they were not looking for work. Interestingly enough, substantial proportions of the poor "thought work was not available" or gave "bad season" as their reason for being out of the labor force: 14 percent of the blacks and 17 percent of the whites. Corresponding figures for the nonpoor were 9 and 13 percent. Thus, there is apparently a modest amount of "hidden unemployment" among the respondents in this cohort.[10] Finally, it is worth noting that there was a sharp difference between the two color groups in the proportion reporting health problems as the reason for not looking for work. The difference was especially noticeable among the poor, where 20 percent of the blacks but only 3 percent of the whites mentioned health as the reason for not currently looking for work. Of course, this intercolor difference could be illusory depending on the frequency with which a "personal" reason was given by white women for a health problem.

Despite the fact that three-fifths of the black women out of the labor force and a third of the white said that they would (or might)

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10 In passing, actual unemployment rates in the week preceding the survey, according to CPS definitions, were 11.8 and 12.0 percent for poor blacks and whites, respectively, and 5.2 and 3.8 percent for their nonpoor counterparts.

accept a job offer, two-thirds of the poor who responded affirmatively and just over half of the nonpoor said they would have to make special arrangements for the care of their children. The most common reason for not having to make special arrangements was that the youngest child was old enough to care for himself. Frequently, other members of the family would be available, and in some instances no special arrangements would be necessary because the children would be in school during working hours.

It is worth digressing for a moment to consider the nature of child-care arrangements used by women who were in the labor force when interviewed and who reported that regular arrangements were (or, if unemployed, would be) necessary because of work. With perhaps one exception, differences between the poor and the nonpoor are not especially great. The exception concerns care in a relative's home, where poor blacks are much more likely than nonpoor blacks to use such an arrangement--36 versus 22 percent. In general, the potentially eligible in each color group are somewhat more likely than the ineligible to use relatives. And, while more black women than white women make use of schools, day-care homes, or child-care centers, the nonpoor in each color group use such arrangements more frequently than the poor.[11] There also appears to be a rather substantial variation in regular child-care arrangements by family size, at least among black women.

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11 The percentages are 14 and 8 percent for nonpoor and poor blacks; 8 and 5 percent for nonpoor and poor whites, respectively.

The larger the family, the more prevalent is care "in own home by a relative." For example, only 19 percent of the eligible black women in families with two to four members use such arrangements, while the same is true of 41 percent of those in families with eight or more members. In some instances the relative is undoubtedly an older child.

At this point, the question whether response to the hypothetical job offer is predictive of subsequent labor force participation should be raised. Among potentially eligible black women who said "yes" or "maybe," to the job-offer question, 54 percent spent some time in the labor force during the twelve months preceding the mid-1969 survey.[12] Among those who said "no," only 27 percent spent some time in the labor force. These figures are slightly larger than the proportions of poor white women who participated in the labor force: 47 percent of those who said "yes" or "maybe" and 24 percent of those who said "no."

IV REGRESSION ANALYSIS

We turn now to an examination of the correlates of reactions of the poor to the hypothetical job offer and to the question concerning required rate of pay. Two models of the following form were specified:

$$Y = a + b_1x_1 + b_2x_2 + \ldots + b_nx_n + e$$

Specifically, reaction to the hypothetical job offer (Y_1) was treated as a dummy dependent variable (1 if "yes" or "maybe"; 0 otherwise) and was considered to be a function of (1) marital status, (2) reported

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12 The women were not reinterviewed until 1969. They completed a short mailed questionnaire in 1968.

health limitations, (3) receipt of AFDC in 1966, (4) attitude toward the propriety of mothers of school-age children working, (5) presence of children under six years of age, and (6) family income less respondent's earnings--hereafter referred to as "other family income" or OFI.[13] In turn, for the subset of women outside the labor force who replied "yes" or "maybe" to the hypothetical job offer, their reservation wage rate (Y_2) was considered to be a function of several of the preceding variables plus highest year of school completed and size of place of residence. Educational attainment was included as a proxy for earning capacity, and city size was added to the analysis of reservation wage rates because of the need to control for price-level differences between urban and rural areas. All of the variables are listed in Table 3.

(Insert Table 3)

In the case of poor white women, being married, being in poor health, and receiving AFDC are negatively and significantly related to the probability of having responded affirmatively ("yes" or "maybe") to the hypothetical job offer (Table 4). Being "opposed" to the idea of women of school-age children working is a strong predictor among both blacks and whites. Unexpectedly, there is no systematic relationship between willingness to take a job and the presence of one or more children under six years of age. Other family income (OFI) makes some

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13 An alternative model that included highest year of school completed, a measure of earning capacity, was rejected because of the inconsistent relationship between this variable and response to the job offer. It may be that compared to less well educated women, better-educated women find it easier to judge the utilities and costs of taking a job. If so, better-educated women as a group, may more likely be in "equilibrium" when it comes to labor force status.

TABLE 3

VARIABLES USED IN THE MODELS

Variable symbol	Description
Dependent variables:	
Y_1	Reaction to hypothetical job offer: 1 if "yes" or "maybe"; 0 otherwise
Y_2	Reservation wage rate: dollars per hour
Explanatory variables:	
MTLST	Marital status: 1 if married, spouse present; 0 otherwise
HLTH	Health: 1 if health prevents or limits work; 0 otherwise
AFDC	Receipt of AFDC in 1966: 1 if $1 or more; 0 otherwise
ATT[a]	Attitude toward propriety of mothers working: 1 if "opposed"; 0 otherwise
CH	Children under 6 years of age: 1 if 1 or more; 0 otherwise
OFI	Family income less respondent's earnings: nearest $100 per year
SIZE	Size of place of residence: 1 if 25,000 or more; 0 otherwise
ED_i	Highest year of school completed, a series of dummy variables:
	E_{0-4} 1 if 0-4; 0 otherwise
	E_{5-8} 1 if 5-8; 0 otherwise
	E_{9-11} 1 if 9-11; 0 otherwise
	E_{12} the omitted category
	E_{13+} 1 if 13 or more; 0 otherwise

a After an initial statement by the interviewer that "people have different ideas about whether married women should work," respondents were asked how they felt about a married woman with children between 6 and 12 years of age taking a full-time job outside the home (1) "if it is absolutely necessary to make ends meet," (2) "if she wants to work and her husband agrees," and (3) "if she wants to work even if her husband does not particularly like the idea." In each instance the women were requested to choose one of the four responses listed on a card. The responses were scored as follows: for each question, "definitely all right" was weighted 5 points; "probably all right," 4 points; no opinion or undecided, 3 points; "probably not all right," 2 points; and "definitely not all right," 1 point. Scores of 3 through 9 were designated "opposed."

difference for blacks--each $100 of OFI, on average, reduces the probability of having said "yes" or "maybe" by slightly more than half a percentage point. Overall, there is little explanatory power in the model as specified; with $\bar{R}^2$ as the criterion, the equation explains about 8 percent of the variance in response for whites and 3 percent for blacks.

(Insert Table 4)

In an earlier report, based largely on some preliminary results for blacks, it was pointed out that "It is at least plausible . . . that while we may be unable to explain the response to the job offer question, receipt of AFDC and other factors may be systematically associated with the 'reservation wage rate.'"[14] Additional evidence is now in hand. While in the case of poor black women receipt of AFDC is not associated with response to the hypothetical job offer, it is positively and significantly related to the reservation wage rate. Controlling for the "effects" of the other variables in the second model, receipt of AFDC appears to add about $0.24 to the rate of pay required by black women who would or might accept a job offer. OFI is again significant for blacks. Living in an area with at least 25,000 people seems to add between $0.18 and $0.26 per hour (compared to those in less populated areas), and highest year of school completed makes a difference for both color groups.

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14 Shea and Meyer, Potential Recipients of Family Assistance Payments, p. 90.

TABLE 4

REACTION OF POOR WOMEN TO HYPOTHETICAL JOB OFFER (Y_1) AND RESERVATION WAGE RATE (Y_2): ESTIMATED REGRESSION COEFFICIENTS[a]

(Standard errors in parentheses)

Variables and statistics	Reaction to job offer (1=yes or maybe)		Reservation wage rate (dollars per hour)	
	Blacks	Whites	Blacks	Whites
MTLST (1=married, spouse present)	-.05 (.08)	-.19** (.09)		
HLTH (1=health prevents or limits work)	-.10 (.07)	-.14* (.07)		
AFDC (1=$1+ in 1966)	-.03 (.08)	-.24** (.11)	.24** (.08)	.21 (.20)
ATT (1=opposed)	-.15** (.07)	-.21** (.07)	-.04 (.09)	-.01 (.14)
CH (1=1+ under age 6)	-.03 (.07)	-.02 (.07)	.06 (.08)	.08 (.12)
OFI ($100 per year)	-.0055** (.0022)	.0012 (.0018)	.0052** (.0025)	-.0008 (.0032)
SIZE (1=25,000+)			.18** (.09)	.26** (.13)
ED_{0-4} (1=0-4 years)[b]			-.18 (.17)	-.52** (.23)
ED_{5-8} (1=5-8 years)[b]			-.18* (.11)	-.16 (.16)
ED_{9-11} (1=9-11 years)[b]			-.18* (.10)	.02 (.17)
ED_{13+} (1=13+years)[b]			.56** (.25)	.53** (.20)
Constant term	.83** (.09)	.64** (.10)	1.08** (.15)	1.33** (.18)
# of observations[c]	224	190	121	62
$\bar{R}^2$	.03	.08	.21	.21
F	2.321**	3.812**	4.55**	2.77**

TABLE 4 (continued)

Variables and statistics	Reaction to job offer (1=yes or maybe)		Reservation wage rate (dollars per hour)	
	Blacks	Whites	Blacks	Whites
Dependent variables:				
Mean	.58	.35	$1.32	$1.44
S.D.	.49	.48	$0.44	$0.48

** Significant at .05 level.
* Significant at .10 level.
a Based on unweighted sample cases; blacks overrepresented relative to whites.
b The omitted category is ED_{12}.
c Excludes respondents for whom information on one or more variables was not ascertained.

In the case of educational attainment, the regression coefficients are estimates of cents-per-hour deviations from the hourly wage rate expectations of those with exactly 12 years of schooling, the omitted category. It is worth noting that black women with between zero and four years of education report wage expectations that are only $0.18 per hour less than those with 12 years. And, ceteris paribus, the reservation wage rate of both black and white women with between five and eight years of education is less than $0.20 per hour lower than the average rate for high school graduates. These expectations (or, requirements) appear to exceed the actual hourly wage rates of employed poor women with the same level of education.[15]

V DISCUSSION

Existing knowledge about the probable effects of welfare schemes on the propensity of adults in low-income families to enter or leave the labor force rests heavily on cross-sectional estimates of labor supply equations. A set of questions asked of a subset of respondents within a national probability sample of 5,083 women 30 to 44 years of age allows a direct examination of the likelihood that poor women who were out of the labor force when interviewed would enter the labor force if a job were offered to them. In the case of women who said "yes" or "maybe" to the hypothetically-posed job offer, additional

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15 John R. Shea and Richard J. Emerine, "Wage Rate Differences Among the Working Poor," American Statistical Association, Proceedings of the Social Statistics Section 1971 (ASA, 1972), pp. 352-357.

questions elicited a good deal of information concerning job requirements and obstacles (or barriers) to working outside the home.

Using potential eligibility for a family assistance payment under H.R. 16311 (had it been in effect during 1966), there was a rather substantial gap in survey week labor force participation rates between potentially eligible (i.e., poor) and ineligible (i.e., nonpoor) women in families with children. Three-quarters of the nonpoor blacks and nearly half (45 percent) of their white counterparts were in the labor force when interviewed in mid-1967. Comparable figures for the poor were 58 percent and 36 percent. When those women who were out of the labor force were asked whether they would accept a hypothetical job offer in the area, blacks displayed a greater willingness to contemplate working than their white counterparts. There was very little difference between the poor and the nonpoor in the proportion who said "yes" or "maybe" to the question.

Interestingly enough, all of the difference in response between blacks and whites is located among those who gave an "unqualified yes" response; equal proportions of the two color groups said "maybe" and specified conditions. Two of the variables in the model used to "explain" a yes or maybe response--other family income (or OFI) and attitude toward the propriety of mothers of school-age children working--were statistically significant in the case of black women. The attitudinal measure, marital status, health condition, and receipt of AFDC also had the expected sign and were statistically significant for whites.

Those women who said "yes" or "maybe" to the hypothetical job offer were asked what the wage or salary would have to be. In general, poor women would require an hourly wage rate somewhat lower than their nonpoor counterparts, although poor black women would expect wage rates somewhat greater than the rates being earned by poor women who were working. It is important to note that controlling statistically for highest year of school completed, urban-rural residence, OFI, and attitude toward women working, those women who received some AFDC in 1966 would expect about $0.20 per hour more than mothers who were potentially eligible for FAP but who were not on welfare in 1966. However, only among blacks was the AFDC coefficient statistically significant.

When poverty status is defined in terms of potential eligibility for a family assistance payment, there will be at least two adults in a majority of the eligible families of women 30 to 44 years of age, and many of the women will undoubtedly participate in the labor force. There is some evidence, however, that receipt of welfare payments reduces somewhat the propensity of poor white women to contemplate entering the labor force and increases the wage rate expectations of those (blacks especially) who say they would (or might) accept a job offer. Nevertheless, while there would likely be a net disincentive effect of FAP on the labor force participation of 30-to 44-year-old women in poverty, there is little indication that it would be especially large. After all, there was no <u>overall</u> difference between the poor and nonpoor in reaction to the hypothetical job offer, and the poor

women who said "yes" or "maybe" to the question report wage expectations that are not grossly out of line with possibilities. Poor black women, who were considerably more likely than poor whites to have responded affirmatively to the job offer question, may constitute an exception, but even in this case, receipt of AFDC seems to add less than a quarter ($0.24) to the reservation hourly wage rate.

Responses to other questions may suggest ways in which a reduction in labor force participation rates of poor women may be minimized when, and if, the Administration's welfare reform proposals go into effect. The availability of decent jobs would probably encourage some women to enter the labor force, since about 15 percent of the poor women who would (or might) accept a hypothetical job offer believed no work was available at the time. Improved transportation and better, more widely available health services might also induce a positive response in participation. On the other hand, there is little indication that greater subsidization of formal child-care arrangements would produce much of an increase in participation. Indeed, given the large percentage of employed poor women who rely on relatives for child-care, if intra-family payments (or direct subsidies) are not permitted and encouraged, greater governmental support for child-care centers might actually result in a net decrease in labor force participation. This could occur if relatives (grandmothers, older daughters, etc.) were widely displaced from this important function. Criteria other than employment (e.g., responsiveness to the needs and desires of some poor families, better child development, etc.) might, nevertheless, argue for a major policy thrust in this area, but consideration of such objectives would take us beyond the scope of this paper.

APPENDIX

SUPPLEMENTARY MATERIAL:

CORRELATION MATRIXES, MEANS, AND STANDARD DEVIATIONS

TABLE A-1 Reaction of Poor Women to Hypothetical Job Offer: Correlation Matrix, Means, and Standard Deviation

Variables	Correlation coefficients							Mean	Standard deviation
	Y_1	MTIST	HLTH	AFDC	ATT	CH	OFI		
	Blacks (N = 224)								
Y_1 (1=yes or maybe)								.58	.49
MTIST (1=MSP)	-.08							.51	.50
HLTH (1=health prevents or limits)	-.09	-.18						.37	.48
AFDC (1=$1+ in 1966)	-.01	-.47	.11					.32	.47
ATT (1=opposed)	-.14	.07	.05	-.01				.27	.45
CH (1=1+ children under 6)	.01	.23	-.25	-.09	.09			.65	.48
OFI ($ per year)	-.18	.30	-.09	-.02	-.01	.09		$2,740	$1,548
	Whites (N = 190)								
Y_1								.35	.48
MTIST	-.11							.72	.45
HLTH	-.17	-.19						.33	.47
AFDC	-.09	-.47	.21					.15	.36
ATT	-.24	.19	.13	-.14				.42	.49
CH	-.02	.18	-.17	-.09	.04			.61	.49
OFI	-.01	.20	-.02	.06	.05	.06		$2,840	$1,896

TABLE A-2 Reservation Wage Rate of Poor Women Who Said "Yes" or "Maybe" to the Hypothetical Job Offer: Correlation Matrix, Means, and Standard Deviations

Variables	Correlation coefficients										Mean	Standard deviation
	Y_2	AFDC	ATT	CH	OFI	SIZE	ED_{0-4}	ED_{5-8}	ED_{9-11}	ED_{13+}		
	Blacks (N = 121)											
Y_2 ($ per hour)											$1.32	$0.44
AFDC	.31										.33	.47
ATT	.02	.00									.22	.42
CH	.05	-.17	.05								.66	.48
OFI	.17	-.03	-.03	.04							$2,557	$1,471
SIZE (1=25,000+)	.30	.26	.05	-.11	.04						.74	.44
ED_{0-4}	-.07	.03	-.06	-.02	-.04	-.22					.07	.25
ED_{5-8}	-.14	.00	-.14	-.10	-.13	-.19	-.19				.35	.48
ED_{9-11}	-.09	-.12	.07	.02	.08	.12	-.21	-.57			.38	.49
ED_{13+}	.25	.00	.17	.11	-.12	.10	-.04	-.12	-.12		.25	.16
	Whites (N = 62)											
Y_2											$1.44	$0.48
AFDC	.04										.10	.30
ATT	.02	-.18									.24	.43
CH	.15	-.06	.00								.60	.49
OFI	-.09	.15	.26	.02							$2,866	$1,941
SIZE	.19	.15	.11	.06	.28						.44	.50
ED_{0-4}	-.20	.26	-.06	.05	.28	.37					.10	.30
ED_{5-8}	-.27	-.00	-.01	-.31	.00	-.22	-.23				.34	.48
ED_{9-11}	.03	-.03	-.01	-.06	-.05	-.13	-.17	-.37			.21	.41
ED_{13+}	.42	-.12	.04	.09	-.16	-.00	-.12	-.26	-.18		.11	.32